WXPost
THE WASHINGTON POST
A 8 Wednesday, March 13, 1974
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MAR 13 1974

Nixon Role Denied on Tax Memo

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President Nixon "does not recall" ever asking an aide to review the tax returns of his White House predecessors to get ideas for possible deductions, press secretary Ronald L. Ziegler said yesterday.

Responding to questions about a 1969 White House memorandum to that effect, Ziegler quoted the president as saying he personally had never seen the income tax return of a previous president.

Asked whether Mr. Nixon was satisfied that none of his aides had ever called for the returns of former presidents, Ziegler told newsmen, "I didn't ask him that."

The memorandum, dated June 16, 1969, was from John D. Ehrlichman, at that time counsel to the President, to Edward L. Morgan, then deputy counsel.

After noting that Mr. Nixon wanted to take the maximum allowable deductions for business expenses, the memorandum states, "He suggests that we might review the returns of one or more previous Presidents for guidance."

Associated Press

Rep. Mills on President's taxes: "People certainly will be asking questions."

Existence of the memorandum was disclosed last week by columnist Jack Anderson, who quoted it at length and said it showed Mr. Nixon's keen personal interest in minimizing his taxes. White House spokesmen have suggested that the busy President left such details to others.

The memorandum indicated that Mr. Nixon "wants to be sure that his business deductions include all allowable items," including the use of his California and Florida homes and payments to his daughter, Julie Eisenhower, for summer work at the White House.

At a meeting with newsmen, Ziegler lamented what he called recent leaks of tax data and "piecemeal stories that lead public opinion to suspicion and mistrust about the President of the United States."

Without directly accusing anyone of the leaks, he said recent stories appeared to be the result of President Nixon's complete disclosure of tax information to congressional investigators.

Emphasizing that Mr. Nixon "does not regret releasing the tax material," Ziegler said that on the other hand, "the point could be made that the process we are going through and the leaks of information are counterproductive."

Under federal tax laws designed to protect the confidentiality of individual tax returns, it is illegal for one taxpayer to view the returns of another.

Neither Ehrlichman nor Morgan could be reached yesterday. Ehrlichman, who is under indictment by two grand juries on charges of conspiracy and lying in the Watergate cover-up, resigned as top White House domestic adviser 11 months ago. Morgan resigned last month as assistant secretary of the Treasury, saying he quit in part because of controversy over Mr. Nixon's deduction for giving away vice presidential papers, a transaction Morgan helped to handle.

The gift and $576,000 tax deduction are the central items of an investigation being conducted by the congressional Joint Committee on Internal Revenue Taxation in cooperation with agents from the Internal Revenue Service.

Committee vice chairman Wilbur D. Mills (D-Ark.) said yesterday that the Ehrlichman-Morgan memorandum was not one of the new disclosures he had in mind last weekend when he predicted Mr. Nixon would resign because of his tax problems.

Mills' statement that the joint committee's report would hurt the President more than Watergate brought heated White House complaints that he was prejudicing Mr. Nixon's case and a charge from presidential counselor Bryce Harlow that the influential congressman was using McCarthyist tactics.

On Capitol Hill yesterday Mills declined comment on the administration reaction but denied that he was accusing the President of tax fraud, explaining:

"What I said was that the tax issue could hurt the President more than Watergate, simply because people understand taxes. If the figures that have been talked about—$250,000 to $300,000 owed—are correct, people certainly will be asking questions."

A spokesman for the joint committee refused to say whether the congressional investigators have the Ehrlichman-Morgan memorandum.

In addition to previously disclosed details, the memorandum indicated that Mr. Nixon was concerned not only with the amount of his ultimate tax liability for 1969, but also the amount of tax being withheld from his paycheck during the year.

Included in a list of matters Ehrlichman instructed Morgan to check is this item:

"Would you please have someone carefully check his salary withholding to see if it takes into account the fact that he will be making a full 30 per cent charitable deduction."

At the time the memorandum was written, tax law permitted a charitable deduction up to 30 per cent of adjusted gross income for donations of personal or work-related papers by a President or other public official.

According to the administration correspondence, Morgan relayed Ehrlichman's question about possibly excessive income tax withholding, along with the other questions, to Roger V. Barth, assistant to then Internal Revenue Commissioner Randolph W. Thrower.

Barth replied a month later that he could not tell whether the President was being "overwithheld" without certain information, including an estimate of his outside income and his real property taxes for 1969.

Barth reported to Morgan and Ehrlichman that the federal withholding would total $74,983 for 1969, which is close to the $72,682 Mr. Nixon actually paid for that year, according to figures released in December. However, because of the papers-gift deduction he paid only $792 in 1970, $878 in 1971 and $4,298 in 1972.

Barth recommended "most strongly" against a deduction for payments to Julie Eisenhower as a White House tour guide because of publicity that she was a "volunteer" and doubts over "whether she is necessary to the taxpayer's 'business'." He said "the risk of exposure of a business deduction attempt is too great" for the amount of money involved and suggested that the President make a gift to Julie at the end of the summer that would be tax-free to her although not deductible for Mr. Nixon.

Barth advised establishment of a careful system or recording presidential expenses and the retention of a regular accountant to handle it. "Once he is picked," the IRS official said, "I could work closely with him in establishing procedures and in handling any problems as they arise."